

**Carlos Pascual**  
**Special Envoy and Coordinator for**  
**International Energy Affairs**

**Iulian Groza**  
**Deputy Foreign Minister of Moldova**

**Tudor Copaci**  
**Deputy Minister of Economy of Moldova**

**Press Conference**

**March 24, 2014**

**Mr. Groza:** We're happy to be here, to be at the [inaudible] conference. We had the first meeting of the working group between Moldova and the United States on the energy issue. It is part of our strategic dialogue between the United States and Moldova. I was recently [inaudible] as a result of Prime Minister Leanca's visit to Washington.

We had our first exchange of opinions regarding the implementation of the energy strategy [inaudible] which are our priorities for the future. We have in particular covered the strategic energy infrastructure of the [inaudible] project including the interconnection to the European gas and power network through Romania and the role of the United States in the intention to contribute to the implementation of this project.

We also covered what are the next steps to be taken. We identified opportunities to have joint discussions especially with our partners from the United States, the European Union, and international financial institutions to identify solutions of implementing energy infrastructure [fund].

Now if you will allow me, let me give the floor to Mr. Pascual, and then Mr. [inaudible] will follow after that.

**Mr. Pascual:** Thank you very much. It's been a pleasure to be here to have this exchange with the Deputy Foreign Minister, with the Deputy Minister of Economy, and to focus attention on the real possibilities that Moldova has to create a more secure energy future.

As the Deputy Foreign Minister indicated, the United States and Moldova have taken an important step to ensure that we have a strategic dialogue between our two countries and that was really underscored and demonstrated by the visit of the Prime Minister to the United States just a few weeks ago.

As one of the key steps to follow up on that, the United States is very interested in supporting Moldova and its fundamental plans to advance its integration with the European energy community.

There is a very basic reason why this is important. Europe has a phenomenal market power because of the size of its consumer base. It has an important relationship with Russia, for example, on the supply of gas because it has such a large market that it creates an interdependency between the supplier and the consumer. It creates parameters within which both suppliers and consumers can operate, and it advances the fundamental principle that the more competition that you have in the supply of gas, the better that is over the long term to maintain stability in the market and protect the interests of the consumers.

To the extent Moldova can associate itself with that kind of a competitive market, it will only gain. It will gain because over time Europe is gaining more and more suppliers directly through pipelines and through LNG, and it's creating the infrastructure to be able to share those supplies internally within Europe through interconnector systems and a regulatory mechanism that has created effective trading systems.

So when one talks about, for example, as the Deputy Foreign Minister said, the interconnector with Romania, that is important not just because of the supplies to Romania, but that Romania is part of the European system and is integrated more broadly with that European market. It creates for Moldova through that interconnection the possibility of much wider and greater access.

The point is not simply to eliminate the supplies from countries such as Russia. That is not the intent. The intent is to create competition because it is in that competition that in the end you create the best competitive and price environment for the industries and for the people of this country.

On the power side, there are very ambitious plans that Moldova has as well. Already mechanisms for interconnection have been created with Romania, but they are at a very preliminary stage.

Hence the importance of establishing the physical interconnections that can allow that type of cooperation, practical commercial cooperation to be advanced in the future.

In the end, the point of all of this is to create the kinds of mechanisms that for Moldova can create the possibilities of the diversification of supplies because in diversity of supply it creates real possibility for competition. That competition is good for getting the best prices for the people of this country. It's the best for stimulating business activity, and it will help Moldova be a more competitive player within the context of a European energy system.

It's in that spirit that the United States is interested in working with our partners here and trying to be able to supply practical support and most importantly, helping to provide the advice and support that we can to attract the private investment that is necessary to create the real energy capabilities that Moldova is trying to establish. So thank you.

**Mr. Copaci:** At the same time, at the meetings that we had, some of which we discussed about the second [inaudible] packages in the gas market and the electricity market, we have informed the senior official that we have, these laws will be passed in parliament and in two to three months we will have the second package implemented in the gas market and we also said that we will have the third package implemented in part of the power market [inaudible]. At the same time we are hoping that once we have the physical connections with Romania in the gas market and the electricity market, we will in parallel develop the regulations on electricity and gas. And what is most important is it's done in parallel. Once we have the infrastructure in place we will have the interconnections between the [network]. It's important that we will have the regulations in place so that we get [inaudible] is already implemented.

As far as renewable energy, we hope there is a law on promotion of renewable energy in parliament [inaudible], and we rely on the support that the American partners can provide in the area including the [inaudible] in this area so that [inaudible] very much employ the technology that the United States uses because we have enough potential for renewable energy or renewable [inaudible].

We also talked about the experience of the [West companies] because this is an important [operation] for us. It's very important the actual contracts [inaudible] the United States.

**Moderator:** Now questions from media

**Media:** I would like to understand how this working group will help diminish Moldova's dependence on Russian gas?

**Mr. Groza:** Thank you so much for the question. Mr. [inaudible] [answered] this question already. This working group is part of the strategic dialogue between the United States and Moldova and the point is we are trying to [inaudible] Moldova is trying to integrate into energy in the European energy community, into the [gas market] and to the [inaudible]. At the same time we look at [diversifying] the market, how we can get alternative sources of electricity and gas.

The biggest [inaudible] today will hopefully provide solutions in partnership with the European Union, to finance the project of interconnection with the Europeans. Because [inaudible] to ensure diversification of supply sources going forward, and as a result, Moldova will integrate into a single energy community, will help ensure our energy security.

On the 31<sup>st</sup> of March the electricity supply runs out. We would like to know whether this contract will be signed and what will be the price given that [inaudible] also the distributor has asked for part of [inaudible]. [Inaudible] price of 6.9 cents per kilowatt.

**Mr. Pascual:** Let me just briefly add that I don't think the objective is at all to eliminate Russian supply of gas to Europe. The issue is how to create an environment where there is competition among suppliers so that the consumers get the maximum degree of benefit.

To give you an example, because of the very important changes that the European Union has put in place in its gas market policies, it's been able to create a much more competitive environment for gas. It's made a lot of investments in infrastructure. It's attracted more gas coming into the European market. As a result of that over the past years, virtually every one of the European utilities has been able to renegotiate their contracts with GAZPROM to be able to lower the price and improve the financing terms.

So the challenge for Moldova is can it associate itself with that kind of market power that's created by a wider community with a regulatory system and a demand that allows it to benefit as a consumer rather than acting simply as an actor on its own that is not interconnected with a wider energy system.

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**Mr. Copaci:** To ensure electricity supply without a price increase. Of course we're preoccupied, concerned with electricity security with the conflict and we are also concerned with providing a lower price for the [inaudible] population and [inaudible] do our best to achieve the prices low for the [inaudible].

We are currently at the final stage of negotiating the contract for electricity supply and we will try to get an [import] price that will be lower than the current one.

At the current time we are looking at internal resources with dependable [inaudible] companies so that we would not push the price up for the [inaudible].

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